



February 17, 2009

HOUSE BILL No. 1625

DIGEST OF HB 1625 (Updated February 11, 2009 3:54 pm - DI 101)

Citations Affected: IC 2-3.5.

Synopsis: Stable value fund investment option. Establishes a stable value fund investment option for members of the legislators' defined contribution plan.

Effective: July 1, 2009.

Fry, Burton

January 22, 2009, read first time and referred to Committee on Financial Institutions.
February 16, 2009, amended, reported — Do Pass.

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HB 1625—LS 7063/DI 102+



February 17, 2009

First Regular Session 116th General Assembly (2009)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2008 Regular Session of the General Assembly.

HOUSE BILL No. 1625

A BILL FOR AN ACT to amend the Indiana Code concerning pensions.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 2-3.5-5-3 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 3. (a) The PERF board
3 shall establish alternative investment programs within the fund, based
4 on the following requirements:

5 (1) The PERF board shall maintain at least one (1) alternative
6 investment program that is an indexed stock fund, ~~and~~ one (1)
7 alternative investment program that is a bond fund, ~~and one (1)~~
8 **alternative investment program that is a stable value fund.**

9 (2) The programs should represent a variety of investment
10 objectives.

11 (3) The programs may not permit a member to withdraw money
12 from the member's account, except as provided in section 6 of this
13 chapter.

14 (4) All administrative costs of each alternative program shall be
15 paid from the earnings on that program.

16 (5) A valuation of each member's account must be completed as
17 of the last day of each quarter.

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1 (b) A member shall direct the allocation of the amount credited to
2 the member among the available alternative investment funds, subject
3 to the following conditions:

4 (1) A member may make a selection or change an existing
5 selection under rules established by the PERF board. The PERF
6 board shall allow a member to make a selection or change any
7 existing selection at least once each quarter.

8 (2) The PERF board shall implement the member's selection
9 beginning the first day of the next calendar quarter that begins at
10 least thirty (30) days after the selection is received by the PERF
11 board. This date is the effective date of the member's selection.

12 (3) A member may select any combination of the available
13 investment funds, in ten percent (10%) increments.

14 (4) A member's selection remains in effect until a new selection
15 is made.

16 (5) On the effective date of a member's selection, the board shall
17 reallocate the member's existing balance or balances in
18 accordance with the member's direction, based on the market
19 value on the effective date.

20 (6) If a member does not make an investment selection of the
21 alternative investment programs, the member's account shall be
22 invested in the PERF board's general investment fund.

23 (7) All contributions to the member's account shall be allocated
24 as of the last day of the quarter in which the contributions are
25 received in accordance with the member's most recent effective
26 direction. The PERF board shall not reallocate the member's
27 account at any other time.

28 (c) When a member transfers the amount credited to the member
29 from one (1) alternative investment program to another alternative
30 investment program, the amount credited to the member shall be
31 valued at the market value of the member's investment, as of the day
32 before the effective date of the member's selection. When a member
33 retires, becomes disabled, dies, or withdraws from the fund, the amount
34 credited to the member shall be the market value of the member's
35 investment as of the last day of the quarter preceding the member's
36 distribution or annuitization at retirement, disability, death, or
37 withdrawal, plus contributions received after that date.

38 (d) The PERF board shall determine the value of each alternative
39 program in the defined contribution fund, as of the last day of each
40 calendar quarter, as follows:

41 (1) The market value shall exclude the employer contributions
42 and employee contributions received during the quarter ending on

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- 1 the current allocation date.
- 2 (2) The market value as of the immediately preceding quarter end
- 3 date shall include the employer contributions and employee
- 4 contributions received during that preceding quarter.
- 5 (3) The market value as of the immediately preceding quarter end
- 6 date shall exclude benefits paid from the fund during the quarter
- 7 ending on the current quarter end date.

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Financial Institutions, to which was referred House Bill 1625, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, line 6, after "fund" insert ",".

Page 1, line 6, strike "and".

Page 1, line 7, after "fund" delete "." and insert ", **and one (1) alternative investment program that is a stable value fund.**".

Page 3, delete lines 7 through 42.

Delete pages 4 through 6.

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1625 as introduced.)

BARDON, Chair

Committee Vote: yeas 11, nays 0.

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